



(BILLING CODE 3510-P)

DEPARTMENT OF COMMERCE

International Trade Administration

A-570-933

Frontseating Service Valves from the People's Republic of China: Final Results of the 2008-2010 Antidumping Duty Administrative Review of the Antidumping Duty Order

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: On May 9, 2011, the Department of Commerce ("Department") published the preliminary results in the 2008-2010 antidumping duty administrative review of frontseating service valves ("FSVs") from the People's Republic of China ("PRC").<sup>1</sup> The period of review ("POR") is October 22, 2008, through March 31, 2010. We have rescinded the review with respect to Tycon Alloy Industries (Shenzhen) Co., Ltd. ("Tycon Alloy"). We have determined that Zhejiang DunAn Hetian Metal Co., Ltd. ("DunAn") and Zhejiang Sanhua Co., Ltd. ("Sanhua"), the only respondents in this review, made sales in the United States at prices below normal value ("NV"). There are no other respondents covered by this review. We invited interested parties to comment on our *Preliminary Results*. Based on our analysis of the comments received, we made changes to our margin calculations for DunAn and Sanhua. The final dumping margins for this review are listed in the "Final Results Margins" section below.

EFFECTIVE DATE: (insert date of publication in the *Federal Register*).

FOR FURTHER INFORMATION CONTACT: Laurel LaCivita, Paul Stolz, or Eugene Degnan, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW,

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<sup>1</sup> See *Frontseating Service Valves from the People's Republic of China: Preliminary Results of the 2008-2010 Antidumping Duty Administrative Review and Partial Rescission of Review*, 76 FR 26686 (May 9, 2011) ("Preliminary Results").

Washington, DC 20230; telephone: (202) 482-4243, (202) 482-4474, and (202) 482-0414, respectively.

### Background

On May 9, 2011, the Department published its *Preliminary Results* in the antidumping duty administrative review of frontseating service valves from the People's Republic of China.<sup>2</sup> On June 7 and June 8, 2011, Sanhua and DunAn, respectively, requested a hearing for issues raised in the case and rebuttal briefs.

On June 21, 2011, all parties (Parker-Hannifin Corporation ("Petitioner"), DunAn and Sanhua) submitted publicly available surrogate value ("SV") data to value TMI's factors of production. On July 11, 2011, DunAn and Sanhua submitted rebuttal SV comments on the June 21, 2011, submissions. On July 19, 2011, in conformity with the Department's revised wage rate methodology,<sup>3</sup> we placed on the record additional wage rate information for consideration in the final results, and requested parties to comment on that data.<sup>4</sup> None of the parties to this proceeding provided comments on the Department's wage rate data. We received the case briefs from all parties on August 16, 2011, and rebuttal briefs on August 22, 2011.

On August 24, 2011, the Department extended the deadline for the final results of review until November 5, 2011.<sup>5</sup> On September 8, 2011, DunAn and Sanhua each withdrew their request for a hearing.

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<sup>2</sup> See *Preliminary Results*.

<sup>3</sup> See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011).

<sup>4</sup> See Memorandum to the File, "Frontseating Service Valves from the People's Republic of China: Industry-Specific Surrogate Wage Rate and Surrogate Financial Ratios," dated July 19, 2011

<sup>5</sup> See *Frontseating Service Valves from the People's Republic of China: Extension of Time for the Final Results of the Antidumping Duty Administrative Review*, 76 FR 52935 (August 24, 2011).

### Analysis of Comments Received

All issues raised in the case and rebuttal briefs filed by parties in this review are addressed in the Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, “Frontseating Service Valves from the People’s Republic of China: Issues and Decision Memorandum for the Final Results of the 2008-2010 Administrative Review, dated November 7, 2011 (“Issues and Decision Memorandum”),” which is hereby adopted by this notice. A list of the issues that parties raised and to which we responded in the Issues and Decision Memorandum follows as an appendix to this notice. The Issues and Decision Memorandum is a public document and is on file in the Central Records Unit (“CRU”), Main Commerce Building, Room 7046, and is also accessible on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Issues and Decision Memorandum are identical in content.

### Period of Review

The POR is October 22, 2008, through March 31, 2010.

### Scope of the Order

The merchandise covered by this order is frontseating service valves, assembled or unassembled, complete or incomplete, and certain parts thereof. Frontseating service valves contain a sealing surface on the front side of the valve stem that allows the indoor unit or outdoor unit to be isolated from the refrigerant stream when the air conditioning or refrigeration unit is being serviced. Frontseating service valves rely on an elastomer seal when the stem cap is removed for servicing and the stem cap metal to metal seat to create this seal to the atmosphere during normal operation.<sup>6</sup>

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<sup>6</sup> The frontseating service valve differs from a backseating service valve in that a backseating service valve has two sealing surfaces on the valve stem. This difference typically incorporates a valve stem on a backseating service

For purposes of the scope, the term “unassembled” frontseating service valve means a brazed subassembly requiring any one or more of the following processes: the insertion of a valve core pin, the insertion of a valve stem and/or O ring, the application or installation of a stem cap, charge port cap or tube dust cap. The term “complete” frontseating service valve means a product sold ready for installation into an air conditioning or refrigeration unit. The term “incomplete” frontseating service valve means a product that when sold is in multiple pieces, sections, subassemblies or components and is incapable of being installed into an air conditioning or refrigeration unit as a single, unified valve without further assembly.

The major parts or components of frontseating service valves intended to be covered by the scope under the term “certain parts thereof” are any brazed subassembly consisting of any two or more of the following components: a valve body, field connection tube, factory connection tube or valve charge port. The valve body is a rectangular block, or brass forging, machined to be hollow in the interior, with a generally square shaped seat (bottom of body). The field connection tube and factory connection tube consist of copper or other metallic tubing, cut to length, shaped and brazed to the valve body in order to create two ports, the factory connection tube and the field connection tube, each on opposite sides of the valve assembly body. The valve charge port is a service port via which a hose connection can be used to charge or evacuate the refrigerant medium or to monitor the system pressure for diagnostic purposes.

The scope includes frontseating service valves of any size, configuration, material composition or connection type. Frontseating service valves are classified under subheading 8481.80.1095, and also have been classified under subheading 8415.90.80.85, of the Harmonized Tariff Schedule of the United States (“HTSUS”). It is possible for frontseating service valves to be manufactured out of primary materials other than copper and brass, in which case they would

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valve to be machined of steel, where a frontseating service valve has a brass stem. The backseating service valve dual stem seal (on the back side of the stem), creates a metal to metal seal when the valve is in the open position, thus, sealing the stem from the atmosphere.

be classified under HTSUS subheadings 8481.80.3040, 8481.80.3090, or 8481.80.5090. In addition, if unassembled or incomplete frontseating service valves are imported, the various parts or components would be classified under HTSUS subheadings 8481.90.1000, 8481.90.3000, or 8481.90.5000. The HTSUS subheadings are provided for convenience and customs purposes, but the written description of the scope of this proceeding is dispositive.

#### Rescission of Administrative Review In Part

In the *Preliminary Results*, the Department partially rescinded the review with respect to Tycon Alloy because it submitted a “no shipment” letter and our review of CBP import data did not contradict that information. Because Tycon Alloy is part of the PRC-wide entity, the Department stated that it would issue liquidation instructions for the PRC-wide entity, which includes Tycon Alloy, 15 days after the publication of these *Final Results*.<sup>7</sup>

#### Changes Since the Preliminary Results

Based on an analysis of the comments received, the Department has made certain changes in the margin calculation. For the final results, the Department has made the following changes:

- We revised the surrogate financial ratios for overhead, selling, general and administrative expenses and profit to account for our determination that the financial statements of Pyrocast India Private Limited (“Pyrocast”) alone represented the best information available on the record to value these ratios. *See* Comment 1 of the accompanying Issues and Decision Memorandum.
- We revised the valuation of brazing rings for Sanhua to account for the proportion of copper, silver and phosphorus recorded on a quality certificate that Sanhua provided with respect to brazing rings in its supplemental questionnaire response. *See* Comment 6 of the accompanying Issues and Decision Memorandum.

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<sup>7</sup> Tycon Alloy was not previously assigned a separate rate from a prior segment of the proceeding. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 75 FR 29976 (May 28, 2010); and *Preliminary Results*, 76 FR at 26693. The Department could not order liquidation for a company which, although no longer under review as an independent entity, might still be under review as part of the PRC-wide entity. *See Preliminary Results*, 76 FR at 26693; and, *Certain Steel Nails From the People’s Republic of China: Notice of Extension of Time Limits and Partial Rescission of the Second Antidumping Duty Administrative Review*, 76 FR 23788 (April 28, 2011).

- We valued DunAn’s brass bar processed by tollers using scrap provided by DunAn using publicly available data from an economically comparable country. *See* Comment 12 of the accompanying Issues and Decision Memorandum.
- Consistent with *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011), we have made revisions to the surrogate labor rate for the final results of this administrative review. For these final results, the surrogate labor rate has changed from US\$1.04/hour to 80.14 Indian Rupees per hour. *See* Memorandum to the File, “Frontseating Service Valves from the People’s Republic of China: Industry-Specific Surrogate Wage Rate and Surrogate Financial Ratios,” dated July 19, 2011; *see also* Memorandum to the File, “Antidumping Duty Administrative Review of Frontseating Service Valves from the People’s Republic of China: Factor Valuation for the Final Results of Review,” dated November 7, 2011.

#### Final Results Margin

We determine the weighted-average dumping margins for the period October 22, 2008, through March 31, 2010, to be:

Frontseating Service Valves from the PRC	
Exporter	Weighted-Average Margin (percentage)
Zhejiang DunAn Hetian Metal Co. Ltd.	9.42%
Zhejiang Sanhua Co., Ltd.	5.22 %

#### Assessment Rates

Pursuant to section 751(a)(2)(A) of the Act and 19 CFR 351.212(b), the Department will determine, and U.S. Customs and Border Protection (“CBP”) shall assess, antidumping duties on all appropriate entries of subject merchandise in accordance with the final results of this review. For assessment purposes, we calculated importer (or customer)-specific assessment rates for merchandise subject to this review. Where appropriate, we calculated an *ad valorem* rate for each importer (or customer) by dividing the total dumping margins for reviewed sales to that party by the total entered values associated with those transactions. For duty-assessment rates calculated on this basis, we will direct CBP to assess the resulting *ad valorem* rate against the

entered customs values for the subject merchandise. Where appropriate, we calculated a per-unit rate for each importer (or customer) by dividing the total dumping margins for reviewed sales to that party by the total sales quantity associated with those transactions. For duty-assessment rates calculated on this basis, we will direct CBP to assess the resulting per-unit rate against the entered quantity of the subject merchandise. Where an importer (or customer)-specific assessment rate is *de minimis* (i.e., less than 0.50 percent), the Department will instruct CBP to assess that importer (or customer's) entries of subject merchandise without regard to antidumping duties, in accordance with 19 CFR 351.106(c)(2). The Department intends to issue assessment instructions to CBP 15 days after the date of publication of these final results of review.

#### Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(2)(C) of the Act: (1) for DunAn and Sanhua, the cash deposit rate will be the rate identified in the Final Results Margin section, as listed above; (2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recent period; (3) for all PRC exporters of subject merchandise which have not been found to be entitled to a separate rate (including Tycon Alloy), the cash deposit rate will continue to be the PRC-wide rate of 55.62 percent;<sup>8</sup> and (4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporter that supplied that non-PRC exporter. The deposit requirements shall remain in effect until further notice.

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<sup>8</sup> This rate was established in the final results of the original investigation. See *Frontseating Service Valves from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*, 74 FR 10886 (March 13, 2009).

Notification to Importers

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of the antidumping duties occurred and the subsequent assessment of double antidumping duties.

Notification to Interested Parties

This notice also serves as a reminder to parties subject to administrative protective orders ("APOs") of their responsibility concerning the return or destruction of proprietary information disclosed under the APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

We are issuing and publishing the final results and notice in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

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Paul Piquado  
Assistant Secretary  
for Import Administration

\_\_\_\_November 7, 2011\_\_\_\_\_  
(date)



## APPENDIX I

### Issues for the Final Results

#### Surrogate Values

- Comment 1: Selection of Surrogate Financial Statements
- Comment 2: Surrogate Value Data Source for Brass Bar
- Comment 3: Whether to Include French Import Data to Value Brass Bar
- Comment 4: Whether To Use the Average of HTS 7407.21.10 and HTS 7407.21.20 Import Values to Value Brass Bar
- Comment 5: The Valuation of Valve Bodies
- Comment 6: The Valuation of Brazing Rings
- Comment 7: The Classification of Ammonia Gas
- Comment 8: The Valuation of Labor
- Comment 9: The Use of October 2008 GTA Data in the Calculation of Surrogate Values

#### Issues With Respect to DunAn

- Comment 10: Rebates Paid on Sales to the United States
- Comment 11: Freight Charges on U.S. Sales
- Comment 12: The Use of Tollers' FOPs in the Calculation of NV

#### Issues With Respect to Sanhua

- Comment 13: Upward Billing Adjustments
- Comment 14: Brokerage and Handling Expense in the United States
- Comment 15: Indirect Selling Expenses in the United States

#### General Issues

- Comment 16: Zeroing
- Comment 17: Procedures for Issuing Liquidation Instructions
- Comment 18: By-Product Offset for Brass Scrap

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